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London Wool Auction
London, Dec. 18.—At the wool auction today 8,100 bales were offered. The reaction was moderate, but the demand was brisk and prices were firm. Victorian secured medium realising 6s 3d and New Zealand greasy crossbreds 2s 6d.

Finance - Economics

WALL STREET OFFICE:
Mills Building, 15 Broad St.

Telephone:
Hanover 6514

Monday, December 18, 1916

There has taken place in Wall Street a deep and fundamental change of feeling toward the stock market. Enthusiasm for "bulling" securities on war profits is gone. Irrespective of what happens to Germany's peace proposal, it will not return in its former character. The other side of the picture has come suddenly into view. Though the demand for war goods should continue undiminished, the profits, it is argued, would tend to fall, for the reason that the cost of production is rising at an accelerated rate. In the mean time, notwithstanding the liquidation that occurred on the Stock Exchange last week, brokers have a great many stocks on margin. The West is heavily committed. As money has been moving in that direction, so have the stocks. Perhaps never before was the speculative account in stocks west of the Hudson River so large as now is the case. It follows that a great number of casual speculators are waiting for the market to come back to them. It may, but Wall Street is not minded to assist it to do so. Wall Street is bearish.

Soreness

The soreness produced on a certain part of the financial body by the Federal Reserve Board's warning against an "unlimited" amount of British and French treasury bills is very obstinate. Each time it is touched, acrimonious discourse is obtained. If there is a lull in war orders, some one is at pains to say that it is owing more to the unfriendliness of the Federal Reserve Board to foreign loans than to the thought of peace. If there is a rumor of negotiations taking place for another large secured British or French loan, the bankers who might be concerned offer the suggestion that as a result of the Federal Reserve Board's attitude it will be very difficult, perhaps, to place foreign loans. Wall Street apparently has allowed the matter to remain misunderstood abroad. In the English comment a tone of bitterness lingers. The London correspondent of "The New York Evening Post" says: "By further restriction of credits and by smashing exchange you could not, of course, stop the war; but you could seriously inconvenience the Allies." The inference therein of political motives is unfair and disagreeable, but it is merely an echo of what some Wall Street people have been saying. However, neither the practice nor the wisdom of banking is confined to Wall Street. In this, as in so many other cases of late, there is evidence of a cleavage between financial opinion in Wall Street and financial opinion elsewhere. The latest issue of the *Journal of the American Bankers' Association*, published in Wall Street but existing nevertheless as a national organ, devotes its leading article to "The Federal Reserve Board's Warning," and comments it unreservedly. It reviews what led up to it, especially emphasizing the fact that after a conference between the Federal Reserve Board and the Federal Advisory Council, consisting of independent bankers from all parts of the country, a joint statement appeared which vaguely expressed the very views which the Federal Reserve Board one week later felt obliged to set forth on its own account in a more explicit manner. The circumstances which caused the Federal Reserve Board to do this had arisen in Wall Street. Referring now to the Federal Reserve Board's own statement, the *Journal of the American Bankers' Association* says:

There was no chance apparently to mistake the meaning of this statement, but there was the usual misinterpretation in headlines. One newspaper said the board was forbidding member banks to invest in foreign securities. Another said the "United States Warns Against War Loans." Others sought motives and purposes supposed to be hidden beneath a surface of words. As a matter of fact, the Reserve Board was for the first time exercising its highest duty. It was advising the banks out of the fulness of its information. It gave the advice after consultation with bankers from all reserve districts. These bankers form a council which for the first time justified its existence. Circumstances dictated the form of the statement.

In reaching their conclusions they had at hand much information. The whole country is included in the scope of the observation of the members of the Advisory Council. The Reserve Board receives daily from each reserve bank a report of its operations. It was able, therefore, to supplement the general knowledge of the council with exact information.

It thinks the board might have been justified in making its warning even more emphatic, but that such warning as was issued was forthcoming at the right time it regards as "one of the most hopeful indications of the usefulness of the reserve system."

Those in Wall Street—and they were many—who agreed in principle with what the board said, nevertheless complained that its manner of saying it was wrong. The same result might have been accomplished without publicity. As to this, the *Journal*, in a very refreshing spirit, says:

Another singular suggestion, purporting to come from New York bankers, was that the reserve board should have proceeded with more finesse. It should, for instance, have passed word quietly to bankers instead of giving out a statement for publication. That is what the Bank of England does. If there is more gold available for use than the managers of that bank think is necessary and the decrease of the discount rate does not drive it out rapidly enough they will borrow it and lock it up. Such an act is a great secret officially, but everybody knows about it. Such a procedure may do well in England, but there is the probability of danger in such an undertaking in this country. One can only imagine the rumors that would be incident to a secret message from the reserve board to bankers. Wise heads would be wagging, the air would be charged with mystery and there would be as many varying rumors as there were reporters chasing them. In the welter the truth would be lost completely.

The *Journal* then calls attention to a fact that has been almost lost, because nobody was concerned about saving it. It is this:

The mystery was not of the reserve board's making. There was no inhibition. There was not even a hint that it would be better if the Treasury notes should be withdrawn. There was, in fact, no reason for withdrawing them. They may have been very proper under restrictions, accompanied by the reserve board's advice about liquidity.

The board did not object to the sale in this country of British and French treasury bills. What it had in mind was the undertaking to print and float among commercial banks an unlimited amount of that kind of security. It really expected that, notwithstanding its warning, several hundred millions would actually be sold. It did not ask or expect that the idea of placing such bills at all should be abandoned. Neither has it ever objected to the placing of foreign loans in this country. It has discussed only the kind of loans that ought not to be placed.

Billion Dollars Added to Stock of Gold Money During the War

The amount of gold imported into the United States since the beginning of the war is in round terms \$1,100,000,000, and the exports in the same period about \$275,000,000, making the net imports in that period over \$800,000,000. The product of our own mines in that same period has exceeded \$200,000,000, thus making the additions to our gold stock since the beginning of the war approximately \$1,000,000,000, according to a compilation made by the foreign trade department of the National City Bank.

The gold money of all countries of the world for which statistics were available in 1896 aggregated \$4,144,000,000, and on January 1, 1916, \$8,258,000,000. These totals were distributed among the leading nations as follows:

United States.....\$722,000,000
France.....722,000,000
Russia.....489,000,000
Germany.....675,000,000
United Kingdom.....584,000,000
Italy.....100,000,000
Austria-Hungary.....167,000,000
Turkey.....291,000,000
Australia.....130,000,000
Argentina.....229,000,000
Netherlands.....173,000,000
Canada.....170,000,000
Spain.....167,000,000
Japan.....143,000,000

Silver money of the same countries was in 1896 \$4,237,000,000 and in 1916 \$2,441,000,000. The "uncovered paper" money of the countries in question was stated in 1896 at \$2,568,000,000 and in 1916 at \$8,585,000,000, all of these figures being stated upon the authority of the Director of the United States Mint.

The world's gold production in the last quarter of a century has been \$8,000,000,000, or equal to that of the preceding 100 years. The gold money of the world has doubled in the last twenty years.

Down to 1885 the world's gold output never reached as much as \$100,000,000 annually. In 1896 it crossed the \$200,000,000 line, in 1903 the \$300,000,000 line, and in 1906 for the first time exceeded \$400,000,000, and has steadily advanced until it reached \$470,000,000 in 1916. Silver production first crossed the \$100,000,000 line in 1880, and in 1893 exceeded for the first time \$200,000,000, making its highest record in 1911, \$292,000,000, and slowly declining to \$232,000,000 in 1916.

FRENCH MARKETS IN WAITING MOOD

Proposal to Remove Tariff from Metals Strongly Opposed

By YVES GUYOT
Paris, December 18.

The markets are extremely quiet. German peace talk has not inspired confidence. Ordinarily, it is not the victors who offer peace, but the conquered who ask for it. The markets are waiting to see what it all means. The proposal is made to remove the tariff from metals during the war. The plan was suggested at the beginning of the war, but was opposed by miners and manufacturers, who did not think the war would last so long. It still seems doubtful if either the manufacturers or the government will accept the plan. The government, on the one hand, needs revenue from this source, while the manufacturers are still afraid of competition.

New stock emissions in Russia last week reached the enormous total of 61,800,000 rubles, divided chiefly among the banks and manufacturing concerns.

Money and Credit

Money on call at the New York Stock Exchange was slightly firmer at the opening of the week, with a ruling rate of 4 1/2 per cent yesterday, compared with 4 on Friday. The opening was 4 1/2 per cent, the low 2 1/2 and the close 4.

The market for time funds on brokers' Stock Exchange collateral showed practically no change from the close of the preceding week. Rates for loans on mixed collateral were quoted at 4 1/2 to 4 3/4 per cent for sixty and ninety days, and 4 1/4 to 4 1/2 per cent for four, five and six months; and on industrial collateral at 5 to 5 1/4 per cent for sixty and ninety days and four months, 4 1/2 to 5 per cent for five months and 4 1/2 per cent to 4 3/4 per cent for six months.

Ruling rates on money yesterday, compared with a year ago, were as follows:

Call money.....	Yesterday.....	Year ago.....
60 days.....	4 1/2 to 4 3/4	2 1/4 to 2 1/2
90 days.....	4 1/2 to 4 3/4	2 1/2 to 2 3/4
4 months.....	4 1/2 to 4 3/4	2 3/4 to 3
5 to 6 mos.....	4 1/2 to 4 3/4	2 3/4 to 3

Commercial Paper.—No change is noted from the close of last week in commercial paper. Trading is exceedingly light and rates for prime regular maturities are quoted 4 to 4 1/4 per cent, with a few notes moving at 4 per cent.

Official rates of discount at each of the twelve Federal districts are as follows:

Maturity in days.....	1st. dis. and 3rd. dis.	2nd. dis.
Boston.....	3 1/2	4
New York.....	3 1/2	4
Philadelphia.....	3 1/2	4
Cleveland.....	3 1/2	4 1/2
Richmond.....	4	4 1/2
Atlanta.....	4	4 1/2
Chicago.....	3 1/2	4 1/2
St. Louis.....	3 1/2	4 1/2
Minneapolis.....	4	4 1/2
Kansas City.....	4 1/2	4 1/2
Dallas.....	3 1/2	4
San Francisco.....	3 1/2	4 1/2

Bank Exchanges.—The day's clearings at New York and other cities:

Exchanges.....	Balances
New York.....	\$415,805,142
Baltimore.....	7,193,641
Boston.....	34,777,667
Chicago.....	89,408,658
Philadelphia.....	51,152,388
St. Louis.....	26,226,549

Sub-Treasury.—New York banks gained from the Sub-Treasury, \$3,311,000.

Silver.—Bars in London, 5613-16 pence; New York, 76 1/2 cents; Mexican dollars, 59 1/2 cents.

U. S. Government Bonds.—Concerning the position of United States government bonds C. F. Childs & Co., specialists, say:

With the closing of the current year all United States bonds appear to be closely held and difficult to dispose of in amounts sufficient to meet the demand. Unless a substantial amount of additional Panama 3s should be advertised for sale within the next three months the price level for all issues will likely move upward. Virtually all of the national banks are now content to retain their profitable circulation accounts and utilize their 2 per cent bonds for that purpose. There is certainly little, if any, inducement or offsetting benefit for postage action, and many more will probably decline to tender any of their holdings to the Federal banks for redemption at par next year.

Boston Bank Statement.—The weekly statement of the Boston banks disclosed a cash deficit of \$2,780,000, an increase of \$1,798,000 over the preceding week. The excess of reserve held with New York agents was \$18,241,000, an increase of \$2,849,000. Excess of cash with the

Federal Reserve Bank increased \$3,024,000 to \$7,375,000.

The Dollar in Foreign Exchange
An interesting feature of the foreign exchange market yesterday was the inquiry for German marks from bankers with German connections. While the demand from this quarter was not sufficient to cause any rise in the rate, it assisted in maintaining marks around last week's closing level of 71 cents for four. A number of importing firms were in the market with bids for large amounts of marks. Vienna kronen were easier at 12.05 cents, compared with 12.26 cents on Saturday. Italian lire declined from 6.74 to 6.59 1/2. Sterling and francs were practically unchanged.

	Yesterday.....	Week ago.....
Sterling, sixty days.....	4.75 1/2	4.75 1/2
Sterling, ninety days.....	4.71 1/4	4.71 1/4
Sterling, ninety days.....	4.76 1/4	4.75 1/4
France, demand.....	5.84 1/2	5.84 1/2
France, cables.....	5.83 1/2	5.83 1/2
Guilders, cables.....	43 1/4	43 1/4
Guilders, checks.....	43 1/4	43 1/4
Reichsmarks, cables.....	71 1/4	65 1/4
Reichsmarks, checks.....	6.89 1/2	6.89 1/2
Lire, cables.....	6.88 1/2	6.88 1/2
Lire, checks.....	5.01	5.05
Swiss, cables.....	4.99	5.04
Austrian, kronen, ch's.....	12.05	10.95
Stockholm, kr., ch's.....	29.10	29.25
Copenhagen, kr., ch's.....	27.05	27.10
Pestobas, checks.....	21.15	21.25
Pesos (Argentina).....	98	1.00
Rubles, checks.....	29.70	29.45

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange value.....	Intrinsic value.....
Pounds, sterling.....	\$4.75 1/2	\$4.86 1/2
France.....	0.17 1/4	0.19 3/4
Guilders.....	0.0437	0.0402
Rubles.....	0.17 9	0.21 8
Markes.....	0.229 70	0.253 2
Lire, checks.....	0.14 5	0.19 3
Crowns (Denmark).....	0.227 05	0.26 8
Crowns (Sweden).....	0.229 10	0.26 8
Pesos (Argentina).....	1.02	0.96 4

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for \$4.75 1/2; the intrinsic parity is \$4.86 1/2 per pound. Thus, you say either the pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars, with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Relevant Information

Standard Oil of Kentucky.—With a surplus of more than \$4,000,000, the Standard Oil Company of Kentucky plans to make a cash distribution of 100 per cent in the near future. In a letter to stockholders President Collings says:

The board will submit a proposal to amend the articles of incorporation so as to authorize the increasing of the capital stock of the company from \$2,000,000 to \$5,000,000. Business this year has shown a very good increase in volume, and a proportionate increase in profits. By January 1, 1917, it is estimated the company will have a surplus of over \$4,000,000. The board is justified in stating that if the proposal is acted on favorably it will be proper in the near future to declare a cash dividend of 100 per cent and to allow the stockholders the privilege of pro rata to acquire new stock at par.

The annual meeting will take place February 1. Only full share holders of record at the close of business January 31 will be entitled to vote at the meeting.

Continental Can.—The common stock of this company advanced 1 1/2 points yesterday to 91 1/2 on light trading. The present price compares with a high record of 127 made in 1915. In 1914 the stock sold as low as 87. The high this year was 106 1/2, last month. There is \$5,000,000 of common stock outstanding and \$5,170,000 of 7 per cent cumulative preferred. The full dividends are being paid on the preferred and 5 per cent a year on the common. In 1915 the company earned 12.05 per cent on the common, against 10.69 in 1914 and 4.88 in 1913. Average annual earnings on the common after allowing the full rate on the preferred were 9.21 per cent for the three years. This company negotiated for certain war contracts last year, but later announced that the negotiations were off. Approximately \$20,000,000 was involved in the orders.

Columbia Gas and Electric.—This stock declined nearly a point to 44 1/2 yesterday after selling as high as 46. Before the break in the market last week the stock crossed 50. Columbia Gas was listed on the Stock Exchange in September around 32. Previous to that it had sold in the Cincinnati market at 15, touching that level in June last. No dividends are paid on the \$50,000,000 outstanding stock. Earnings in the first ten months of the current year were at an annual rate of 1.58 per cent on the common, against 0.69 per cent actually earned in 1915. The November operating statement was issued yesterday. It disclosed gross earnings of \$824,323, an increase of 20.4 per cent over the corresponding month of last year. Net amounted to \$394,157, an increase of 27.7 per cent. The surplus of \$100,613 was 360 per cent ahead of a year ago.

Distribution of Profits.—The Standard Screw Company declared an extra dividend of 20 per cent on the common yesterday, in addition to the regular semi-annual disbursement of 3 per cent. The New London Northern Railroad Company announced an extra of 1/2 per cent besides the regular quarterly dividend of 2 1/2 per cent. Smart-Woods Ltd. declared 7 per cent on account of accumulated dividends and the regular quarterly payment of 1 1/2 per cent on the preferred. An extra of 1 1/2 per cent in addition to the regular quarterly dividend of 2 per cent, was announced by the Chicago City Railway Company.

INDUCEMENT TO BUY MARKS FOR PEACE BUSINESS

Profits Suggested to Importers Who Get German Exchange Now

The statement of Leopold Zimmermann, head of the banking house of Zimmermann & Forshay, issued in connection with an offering of exchange futures on Berlin and Vienna at current quotations, in which he predicted an early peace in Europe, was purely financial interest. There was no disposition to attach political significance to it.

The firm yesterday indignantly denied the suggestion that in offering to sell 90-day exchange drafts on Berlin and Vienna they had sought to realize a profit from the recent rise in the exchange value of the German mark and the Austrian kronen. Sales of the 90-day-after-date bills of exchange which Zimmermann & Forshay are offering on the Deutsche Bank of Berlin and the Wiener Bankverein of Vienna, have been going on for several days. The firm says there is an excellent demand. It is explained that the bills are a form of investment in marks and kronen and furnish the purchaser another means of taking advantage of the prevailing low rates for both these exchanges.

Buyer Loses Interest

The bills are sold at the current rate for wireless transfers. The buyer in consequence loses interest on the money he pays, but expects to profit from an appreciation in the exchange value of marks and kronen. It is not explained how the buyer of the bills will profit without the seller taking a loss.

It was stated yesterday that the bills are designed particularly for the advantage of importers who expect to resume trade with Germany and others with obligations to be met in Germany, after the cessation of hostilities. For this reason they are renewable upon each maturity until the end of the war. Arrangements have been made with local banking institutions to discount the bills at the New York rate at the pleasure of the holders.

It is pointed out that the advantage this class of bills has over the wireless transfer as an investment in exchange, and which compensates for the loss of interest, is the fact that they will represent a two-name obligation. They will be drawn by Zimmermann & Forshay and will be accepted by the two Teutonic banks through their local representatives, Hugo Schmidt for the Deutsche Bank and Alex von Fest for the Bankverein.

Importers Buy Mark Bills

German exchange was firm yesterday. Brokers reported a large inquiry for mark bills from importing houses and bankers with German connections. The value of four marks yesterday at the close was 71 1/2 cents, against 71 on Saturday. Vienna kronen, on the other hand, declined more than half a cent, falling to 12.05 cents, compared with 12.26 at the end of last week.

FORECAST OF A NEW WAR LOAN

Allies Likely to Ask More Credit Here, Despite Peace Offer

Suggestions emanated from Washington yesterday that preparations are being made to float a new Allied loan in this country.

The bankers here who control the financing of Great Britain's purchases in the United States said the discussion is premature. As was stated by them when the \$300,000,000 5 1/2 per cent United Kingdom loan was placed in October it is expected that new British financing will be taken up soon after the turn of the New Year.

This statement was repeated yesterday with the reservation that the matter of a new loan will depend largely on the nature of Lloyd George's reply in the House of Parliament to-day to Germany's peace offer. It was explained, however, that even should the new British Premier's remarks lead to peace discussions this would not necessarily mean there would be no further American loans. The willingness of the Allies to be represented at a Hague conference, it was hinted, would be of importance in that it might mean a smaller loan than if the war was prolonged.

In the meantime the Allies' gold continues to come here in large amounts from Canada. This week \$25,000,000 is expected to arrive consigned to J. P. Morgan & Co. This will bring the total shipped to New York since the first of the year to a sum in excess of \$500,000,000.

As the Federal Reserve Board has indicated some reservations as to unsecured obligations of the belligerent European countries, it is expected that the next loan will be secured. In general the plan followed will probably be similar to the British loan where the securities forming the collateral were represented to have a market value considerably in excess of the face amount of the loan.

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BROKERS TO START AN EMPLOYMENT BUREAU

The Association of Partners of Stock Exchange Firms announced yesterday that it will establish an employment exchange. This department will receive the names and credentials of any one desirous of obtaining a position in the brokerage field. The association will check the validity of the credentials and keep a file of all applicants. Another plan under consideration is the organization of a "cashiers' section" for the purpose of devising a more uniform method of brokerage accounting, transfers and deliveries.

News Digest

Foreign

London Markets.—London, Dec. 18.—Money was in fair supply on the market to-day and discounts were steady. On the Stock Exchange there was a good undertone, the feature being the strength of home rails. Allied funds were steadily maintained and French securities hardened. Oils were good. American stocks were steady. United States Steel, the lower priced shares, were active and stronger.

Money, 4 1/2 per cent; discount rates, short and three-month bills, 5 1/2 to 5 3/4 per cent; gold premium at Lisbon, 75.00.

New York

To Represent Trade Corporation in France.—Percy Peixotto, newly appointed general representative of the American International Corporation for France, and president of the American Association of Commerce in Paris, sailed yesterday afternoon on the steamship Chicago for Bordeaux, en route to Paris. Mr. Peixotto, who has been director general in France of the Equitable Life Assurance Society for the last twenty years, will also continue in that position.

Denies Cunard Line Rumor.—G. E. Bosworth, vice-president of the Canadian Pacific Railway, and chairman of the board of directors of the Canadian Pacific Ocean Services, Ltd., denied yesterday a rumor that the Cunard Line is planning the purchase of the Canadian Pacific's Atlantic fleet.

Curtiss Aeroplane Financing.—The Curtiss Aeroplane and Motor Corporation has sold \$2,000,000 one to five year serial 6 per cent convertible notes to a banking syndicate, headed by William Morris Imbrie & Co. The company has also sold to private investors \$2,000,000 6 per cent notes of different maturities. The main purpose of the new financing is to refund \$3,000,000 notes falling due before July 1, 1917.

James H. Perkins, vice-president of the National City Bank, will speak before the New York Credit Men's Association for December 20,